

REVERSE MORTGAGE LOAN SUMMARY

LENDER: ABC Bank
LOAN OFFICER: 12345 1234

DATE: April 30, 2010

Borrower & Property Information

Borrowers' Names & Ages	John Doe (84); Jane Doe (82)
Property Address	123 Ward Street, Jingle Bells, TX 12345
Appraised Value	\$275,000

About this Loan

- You are applying for a reverse mortgage loan on your home that you do not have to repay for as long as you live there.
- You may get money from this loan paid to you all at once, as a regular monthly advance, or at times and in amounts that you choose.
- You will continue to own your home so you must pay your property taxes and insurance, and keep the home in good repair (see the Risks section).
- If the loan balance eventually is greater than the value of the home, you will continue to receive monthly payments and have access to your loan funds as long as you remain in the home.
- The amount of the loan, plus interest and fees, must be paid back in full if the home is sold **or** when the last surviving borrower dies or does not live in the house for 12 consecutive months.

Payment of Loan Funds

You may receive your funds as follows:

Line of Credit	\$186,974 available to you at any time while you remain in your home
You may choose to change the type of payments you receive. Your other choices are:	
Initial Advance	paid to you after you accept the loan
Monthly Advance	paid to you each month while you remain in your home

Annual Percentage Rate

Annual Percentage Rate (APR)	2.93%. This is a <u>variable rate</u> that will change annually based on the Treasury rate plus 2.5%. Each year, your rate can increase by up to 2.0%.
Maximum APR	7.93%
Historical Changes to Treasury Rate	Over the past 15 years, the Treasury rate plus 2.5% has varied between 2.77% and 8.90%.

Interest charges will be added to your loan balance each month and collected when the loan is due.

Fees

We will refund all fees you paid if you tell us that you do not want to open an account:

- for any reason within three business days after you receive this statement; or
- for any reason within three business days after you receive reverse mortgage counseling; or
- any time before your account is opened if any of these terms (other than the APR) change.

Account Opening Fees

Loan Origination	\$ 4,735
Inspection	\$ 500
Title Search & Title Insurance	\$ 595
Appraisal	\$ 295
Reverse Mortgage Insurance Premium	\$ 5,500
TOTAL Account Opening Fees	\$11,625

Monthly Fees *(added to your loan balance each month but not collected until the loan is due)*

Servicing Fee	\$35 per month (\$420 annually)
Reverse Mortgage Insurance Premium	0.042% monthly (0.5% annually)
Monthly Interest Charges	Starts at 2.93% annually but this rate can change.

Other Fees

Other fees may apply. Ask us for additional information about these fees.

How the Loan Balance Grows

The table shows an example of how your loan balance might grow if:

- You borrow \$186,974 after you accept the loan and do not borrow any more money, *and*
- The APR stays at 2.93%.

	After 1 Year	After 5 Years	After 10 Years
How much money will you have received?	\$186,974	\$186,974	\$186,974
How much will be owed for interest + fees?	\$18,972	\$51,015	\$97,764
How much will be owed altogether?	\$205,946	\$237,989	\$255,750

Repayment Options

At the end of the loan, you or your heirs may either:

- Pay the loan balance in full and keep the home, or
- Sell the home and use the proceeds to pay off the loan. If your home sells for less than you owe, you will not be required to pay the difference. If your home sells for more than you owe, the difference will be given to you or your heirs.

Risks

Your reverse mortgage loan will be secured by your home. If you default on your reverse mortgage loan by:

- Allowing the property to deteriorate beyond reasonable wear and tear; or
- Failing to pay property taxes or insurance; or
- Failing to live in the house for 12 consecutive months; or
- Failing to meet any other obligation

...then we may take any or all of the following actions:

<ul style="list-style-type: none">• Foreclose On Your Home	We could foreclose on your property and require that you leave the home.
<ul style="list-style-type: none">• Stop Giving You Money	We may stop making payments to you and not allow you to borrow any more money from your line of credit, even if you have borrowed less than your credit limit.
<ul style="list-style-type: none">• Terminate Your Loan	We may terminate your loan, make you pay the outstanding loan balance in one payment, and charge you fees on termination.

We may also make other changes to your loan.

➔ **You have no obligation to accept these terms. These terms could change before we open your account.**

➔ **You may be entitled to a refund of all fees paid if you decide not to open an account.** See “Fees” section above for more details.

➔ **Ask questions if you do not understand any part of this form.**

➔ **For more information, go to www.frb.gov/reverse_mortgages/.**

By signing below, I acknowledge receipt of this form.

Borrower's Signature

Date